

## SCHOOL FACILITY LEASE AGREEMENT

WHEREAS, the Voznesenka Community Council, Inc. (hereinafter "VCCI") owns property and facilities located on that property which it wishes to lease as a school site; and

WHEREAS, the Kenai Peninsula Borough School District (hereinafter "KPBSD") plans to continue providing a school in Voznesenka and wishes to lease property from VCCI for that purpose; and

WHEREAS, the property appears appropriate to meet the needs of KPBSD for a school;

VCCI and KPBSD agree to enter into and execute this Lease Agreement on the following terms and conditions:

1. VCCI agrees to lease to KPBSD property described as:

Lot Twenty-Four (24), Voznesenka, according to Plat No. 85-31, Homer Recording District, Third Judicial District, State of Alaska together with the following improvements located thereon which include a 40'x42' building, a more recently constructed 62'x50' addition to the building which includes an 18'x36' storage area, a 10'x24' addition to a portable, and a 10'x40' trailer, for a total of 6,068 square feet. The leased improvements do not include the church building on that parcel and the parking area around the church. KPBSD agrees to lease these premises in accordance with the terms of this agreement.

2. The lease agreement shall take effect on the 1st of July, 2015 and shall continue through June 30, 2020 (the "initial term"). The District may terminate this agreement at any earlier time if either the student population falls below 30 students or the Board of Education determines there are not sufficient funds available to continue operations of a school in Voznesenka.
3. KPBSD agrees to pay and VCCI agrees to accept a total monthly rent of \$6,372.00 during the first year of this lease based upon 6,068 square feet at \$1.05 per square foot. This rental amount shall be increased by 2 percent per year effective July 1, 2016 and each July 1 thereafter until the lease is terminated. Additionally, beginning July 1, 2016, KPBSD agrees to pay the annual amount of \$2,804 in monthly installments of \$234 in lieu of continuing to provide bottled water. This amount shall also be subject to the 2 percent annual increase beginning July 1, 2017. KPBSD shall have the option to renew this lease for up to two additional five-year periods on the same terms and conditions in this agreement ("additional terms"). In order to exercise its option to renew, KPBSD shall notify VCCI in writing of its intent to renew at least 60 days before the termination of the initial term or any previous additional term. Rent shall be paid by check delivered to the address provided by VCCI to the KPBSD Finance Department.
4. Additional Property:
  - a. The parties agree that if, during the term of this agreement, the 2,880 square foot improvement to the Voznesenka Community Center located on Lot 24, Voznesenka Subdivision, Plat No. 85-31, Homer Recording District, Alaska, currently under construction, is completed and approved for use as a school facility by KPBSD in accordance with the inspection and approval provisions in this agreement, is rated

for E-Occupancy by the Alaska State Fire Marshal, and is owned by VCCI, KPBSD shall also lease that facility subject to the terms and conditions of this agreement. This additional property shall be leased at the same rate per square foot as is then being paid for rent for the property initially leased in this agreement. Rent for this property does not include the payment in lieu of bottled water described above for the initial leased property. The improvement shall include a multipurpose room, two toilets, and a classroom unless otherwise agreed in writing by the parties.

b. State Approved Plans. Prior to the first inspection by KPBSD which is described in this paragraph, VCCI shall provide to KPBSD the building design approved by the State of Alaska Office of the Fire Marshal ("Fire Marshal") for E-Occupancy, the Fire Marshal's letter approving the plan, and a copy of the plans as approved by the Fire Marshal.

c. Inspection and Approval. During construction of this additional property VCCI shall provide at least two business days' advance notice by mail and telephone as set out in paragraph 14 to KPBSD and Capital Projects to conduct the following inspections:

- i. a foundation correction inspection after the foundation is corrected and while the foundation remains visible,
- ii. a rough-in inspection prior to sheet rocking, and
- iii. a final inspection upon project completion.

Within seven business days after the final inspection, if applicable KPBSD shall provide VCCI with a punch list identifying any life-safety code violations. Upon completing the corrections to violations identified in the punch list VCCI shall provide KPBSD at least two business days' notice to conduct another final inspection. Within seven business days after the inspection, if KPBSD determines the punch list has been properly completed or there are no life-safety code violations, it shall issue a Notice of Final Completion indicating all applicable code requirements have been met. If KPBSD determines the punch list has not been properly completed then the above process for providing a punch list and conducting another inspection shall be repeated until the project is approved by KPBSD and it issues a Notice of Final Completion indicating all applicable code requirement have been met.

d. Commencement of Lease of Additional Property. If this agreement is still in effect, the lease of the approved additional property shall commence the first day of the next month following KPBSD's Notice of Final Completion, unless school is not in session for the summer break. In that event, the additional lease shall commence the first day of the next school year provided that is within the term of this agreement.

5. KPBSD agrees to equip the school facility with classroom equipment, supplies and teaching staff, and to operate a public education program within the school facility. This may include the on-site addition of portable classroom buildings as necessary to meet demands of enrollment.
6. KPBSD agrees to pay all electric utility expenses arising from the facility on a monthly basis.
7. KPBSD shall not be required to carry fire, casualty, or property insurance on the facility and has no obligation or liability to indemnify VCCI for any loss, damage, or casualty to the facility. VCCI may provide such insurance as it deems appropriate to protect its interests in the building and property. KPBSD shall provide general liability insurance for injury or damage

arising from its operation of a school on the property. KPBSD's insurance will in no way insure VCCI against loss or liability of any type.

8. VCCI agrees that the facilities meet all required building and other codes for use as a school and that the leased property is suitable for use as a school in Voznesenka. VCCI further agrees that it will undertake any repairs necessary to keep or restore the buildings to compliance with codes in the event the property is damaged or otherwise ceases to comply with all codes. VCCI also agrees to be responsible for the water supply to the leased premises and to pay all expenses for such water. Except as provided in this agreement VCCI is responsible for all maintenance of the property.
9. All of the property shall be kept in a clean, safe condition by KPBSD. The KPBSD will not repair or be responsible for any damage other than that caused by the negligent or intentional acts of KPBSD.
10. VCCI agrees that it will undertake all action necessary to meet code requirements to allow use of the property as a school. If VCCI fails to take such action the KPBSD may either terminate the agreement immediately or may choose to undertake the corrective action itself and withhold such amounts of the rent and payments in lieu of bottled water as are necessary to undertake the repairs or corrective actions.
11. Upon termination of this lease agreement, which may occur after one or more additional terms pursuant to paragraph 3 above, KPBSD shall remove all equipment, supplies and materials from the premises unless the parties have entered into an agreement allowing continued occupancy. If KPBSD continues to occupy the leased premises beyond the term(s) outlined in this agreement it shall continue to pay the then current lease rate. However, if it continues to occupy the leased premises after termination of this lease agreement for more than 30 days after receipt of a written notice to quit from VCCI, KPBSD shall pay VCCI the daily rate of \$300 for such continued occupancy.
12. If for any reason the facility is damaged so that it cannot be used and occupied as a school, the District may choose to terminate this agreement.
13. If either party materially breaches this agreement the non-breaching party shall provide at least 15 days written notice of the breach to the breaching party. If the breaching party fails to cure the breach within the time provided then the non-breaching party may immediately terminate this agreement for cause with written notice, which may be delivered by email, fax, first class mail or in person. In that event KPBSD shall have 30 days from the termination date to remove all equipment, supplies and materials from the premises and shall pay the prorated regular rental amount until the property is vacated.
14. Any notice required pertaining to the subject matter of this agreement shall be personally delivered, mailed by prepaid first-class, registered or certified mail, to the following addresses. When notice may be delivered by telephone, email or fax the following shall apply unless modified in writing delivered to the following addresses:

Kenai Peninsula Borough School District  
Attention: Superintendent  
148 N. Binkley Street  
Soldotna, AK 99669  
Email Address: Superintendent@kpbsd.k12.ak.us  
Fax: (907) 262-9132

Notices relating to the construction of additional property as described in paragraph 4 of this agreement shall also be delivered to:

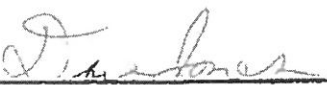
Kenai Peninsula Borough Capital Projects  
47140 E. Poppy Lane  
Soldotna, AK 99669  
Phone: (907) 262-9657

Voznesenka Community Council, Inc.  
Attention: President  
P.O. Box 1566 and P.O. Box 3264  
Homer, AK 99603  
Email Address: nibasargin@gmail.com MB  
Fax: (907) 435-0803 MB

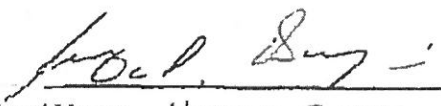
15. This is the entire agreement between VCCI and KPBSD and there are no terms or conditions other than those contained in this agreement.

IN WITNESS WHEREOF, the parties have executed this Lease Agreement by and through their duly authorized officers.

TENANT:  
KENAI PENINSULA BOROUGH SCHOOL  
DISTRICT

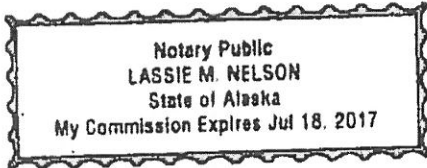
  
\_\_\_\_\_  
Dave Jones, Assistant Superintendent

LANDLORD:  
VOZNESENKA COMMUNITY COUNCIL

  
\_\_\_\_\_  
Printed Name: Nazary Basargin  
Title: President

STATE OF ALASKA )  
 )  
THIRD JUDICIAL DISTRICT ) ss

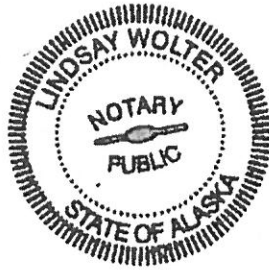
The foregoing instrument was acknowledged before me this 2 day of May, 2016, by Dave Jones, Assistant Superintendent of the Kenai Peninsula Borough School District on behalf of the district.



Lassie M. Nelson  
Notary Public for the State of Alaska  
My Commission Expires: 7/18/17

STATE OF ALASKA )  
 )  
THIRD JUDICIAL DISTRICT ) ss

The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of April, 2016, by Nazary Basargin, President of the Voznesenka Community Council, Inc. on behalf of the corporation.



Lindsay Wolter  
Notary Public for the State of Alaska  
My Commission Expires: 6/24/16